

## Message Text

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C O N F I D E N T I A L STATE 002408

E.O. 11652: GDS

TAGS:

SUBJECT: NATO CIVIL EMERGENCY PLANNING (CEP): DEFENSE SHIPPING  
AUTHORITY (DSA) MEETING, LONDON, JANUARY 7-9

FOLLOWING REPEAT MARAD JAN 5, 1976 SENT DEPT OF STATE WASH DC  
TO MR. DOUGLAS S KINNEY POLITICAL OFFICER EUR/RPM

QUOTE NATO C O N F I D E N T I A L

CITE MARAD WA-76-0006

SUBJECT: TRANSMITTAL OF MESSAGE TO U.S. MARITIME ADMINI-  
STRATION FOREIGN REPRESENTATIVE, LONDON, WITH LOCAL  
DISTRIBUTION TO FEA (DENNIS SHERMAN) AND FPA (FRED  
ACKERSON)

TO: MR. RICHARD GAGE, FOREIGN MARITIME REPRESENTATIVE  
U.S. EMBASSY  
LONDON, ENGLAND

1. THIS CONFIRMS PREVIOUS REQUEST THAT MR. GAGE REPRESENT  
U.S. DELEGATION TO PBOS AT DSA STUDY GROUP MEETING IN  
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LONDON, ON JANUARY 7-9, 1976, ANNOUNCED BY AC/271-DSASG-  
N/20.

2. AGENDA ITEM 1, REVIEW OF CSA/DSA LIAISON ARRANGEMENTS.  
A. U.S. DRAFT OF ANNEX III TO DRAFT REPORT (AC/271-DSASG-

WP/46) FORWARDED VIA BRITISH EMBASSY POUCH TO ARRIVE LONDON SECRETARIAT BY JANUARY 8.

B. NO OBJECTION TO BALANCE OF DRAFT REPORT.

3. AGENDA ITEM 2, MANAGEMENT OF AMMUNITION MOVEMENT. U.S. DELEGATION CONCURS IN AC/271-DSASG-WP/48.

4. AGENDA ITEM 3, APPLICATION OF INTERNATIONAL MARITIME CONVENTIONS IN WARTIME.

A. TO AVOID SUBMISSION OF SEVERAL REPORTS TO PBOS ON SUBJECT, RECOMMEND THAT DSASG INVITE FRSG AND SWLWG TO SUBMIT THEIR VIEWS TO DSASG FOR INCLUSION IN A SINGLE PAPER FOR THE PLANNING BOARD.

B. WE PREFER TO OMIT FIRST SENTENCE OF PARAGRAPH 3 OF DRAFT REPORT ATTACHED TO AC/271-DSASG-WP/49. FOURTH PARAGRAPH INDICATES THAT STUDY GROUP PROPOSES TO ASSEMBLE A LIST OF CONVENTIONS. NOTWITHSTANDING THE DIFFICULTY MENTIONED.

C. WE CONSIDER IT DESIRABLE THAT STUDY GROUP'S REPORT EXPRESS A VIEW IN PRINCIPLE ON THE MATTER AND RECOMMEND THAT PARAGRAPH 4 OF DRAFT REPORT BE REVISED TO READ AS FOLLOWS: "AFTER A GENERAL DISCUSSION, THE STUDY GROUP AGREED THAT, AS A MATTER OF PRINCIPLE, THE IMCS SHOULD BE ADHERED TO IN WARTIME, IN THE ABSENCE OF URGENT OPERATIONAL REASONS TO DEPART FROM THEM. THE CONDITIONS WHICH MIGHT REQUIRE DEPARTURE FROM THE VONVENTIONS CANNOT BE FORESEEN AND WOULD BE LIKELY TO VARY FROM TIME TO TIME AND FROM PLACE TO PLACE. CONSEQUENTLY, THE STUDY GROUP AGREED THAT IN PEACETIME A LIST OF MARITIME CONVENTIONS SHOULD BE COMPILED AND THAT IT SHOULD BE LEFT TO THE DEFENCE SHIPPING COUNCIL TO CONSIDER WHAT SHOULD BE DONE ABOUT THEM ACCORDING TO WARTIME CIRCUMSTANCES."

5. AGENDA ITEM 4, OPERATIONAL CONCEPT OF THE DSA/NWOO.

A. AC/12-WP/103(3RD REVISE) COVERED BY AC/271-DSASG-WP/50 ARRIVED HERE TOO LATE FOR PREPARATION OF A U.S. COUNTER-PROPOSAL. WP/103(3RD REVISE) IS AN INADEQUATE PAPER WHICH SEEMS TO BE A STEP BACKWARD FROM PREVIOUS WORKING PAPERS. U.S. DELEGATE TO PPCWG AGREED TO THE PAPER SOLELY TO GET IT TO THE DSASG FOR DISCUSSION, WITH EXPECTATION THAT U.S. DELEGATION TO PBOS DISAGREES WITH THE PAPER ARE SET OUT IN PARAGRAPH D BELOW. HOWEVER, THE PROBLEM NOW BEFORE THE DSASG  
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IS TO DECIDE HOW TO PROCEED IN DISCUSSIONS WITH THE PPCWG.

B. DSASG DECIDED LAST SPRING THAT PBOS COULD NOT GO FARTHER ON TANKER PLANNING UNTIL PPCWG HAD HAD OPPORTUNITY TO REVIEW (1) NWOO PLANNING IN LIGHT OF RECENT INTERNATIONAL DEVELOPMENTS IN THE OIL WORK AND (2) DSASG VIEWS RELATED TO THE THEN-CURRENT REVISION OF AC/271-DSASG-WP/12 (AC/12-WP/102) AND COMMENTS SUBMITTED BY U.S. DELEGATION TO THE PBOS AND PPC. WP/102(34\$ 43;8 3) DOES NOT REFLECT THESE CONSIDERATIONS. . AC/271-DSASG-WP/54 REPRODUCES SENIOR COMMITTEE GUIDANCE, WHICH PROVIDES EXPRESSLY THAT OIL OPERATIONS IN WARTIME WOULD BE MANAGED THROUGH "EXISTING INTERNATIONAL ORGANIZATIONS" (THAT IS, THE INTERNATIONAL ENERGY AGENCY) AS LONG AS THOSE ORGANIZATIONS WERE ABLE TO CARRY ON EFFECTIVELY AND THAT NWOO

WOULD NOT BE CALLED INTO OPERATION UNTIL "EXISTING INTERNATIONAL ORGANIZATIONS" COULD NO LONGER OPERATE EFFECTIVELY. THE CONSEQUENCE OF THIS GUIDANCE IS THAT, AT OUTSET OF WAR, THE DSA WOULD WORK OUT ARRANGEMENTS FOR MANAGEMENT OF TANKERS IN COORDINATION WITH "EXISTING INTERNATIONAL ORGANIZATIONS," WITHOUT REGARD FOR PLANS FOR POSSIBLE LATER ACTIVATION OF THE NWO. THOSE ARRANGEMENTS WOULD BE THE STARTING POINT FOR DSA/NWO RELATIONSHIPS, IF AND WHEN NWO WAS CALLED INTO OPERATION TO REPLACE "EXISTING INTERNATIONAL ORGANIZATIONS." IT CANNOT BE IMAGINED THAT, UPON ACTIVATION OF THE NWO, A NEW SYSTEM WOULD BE INSTITUTED. IT FOLLOWS THAT OPERATIONAL CONCEPT OF THE DSA/NWO WOULD BE BASICALLY WHATEVER ARRANGEMENT WAS ESTABLISHED FOR OPERATION OF TANKERS BY DSA IN COORDINATION WITH "EXISTING INTERNATIONAL ORGANIZATIONS." THEREFORE, THAT ARRANGEMENT SHOULD BE DEVELOPED BEFORE THE OPERATIONAL CONCEPT OF THE DSA/NWO IS FURTHER CONSIDERED. GENERAL NATURE OF THE ARRANGEMENT WOULD SEEM TO BE (1) CONSULTATION ON AND COORDINATIONS OF NATIONAL PROGRAMS IN THE ARENA OF THE INTERNATIONAL ORGANIZATIONS: (2) CONTINUED OPERATION OF THE OIL SUPPLY SYSTEM BY OIL COMPANIES, PARTICULARLY MAJOR INTERNATIONAL COMPANIES, ALONG PEACETIME LINES, SUBJECT TO MANAGEMENT OF TANKERS BY NATIONAL SHIPPING AUTHORITIES IN ACCORDANCE WITH NATIONAL EMERGENCY REGULATIONS AND PBOS AGREEMENTS FOR DSA POOL OPERATIONS: (3) FULL CONSIDERATION OF NEUTRAL REQUIREMENTS CONCURRENTLY WITH NATO REQUIREMENTS.

D. THERE ARE TWO POSSIBLE APPROACHES TO DEVELOPMENT OF THE ARRANGEMENT FOR DSA TANKER OPERATIONS IN COORDINATION WITH "EXISTING INTERNATIONAL ORGANIZATIONS:" (1) PPCWG MIGHT EXPLORE  
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THE MATTER WITH THE INTERNATIONAL ENERGY AGENCY AND REPORT ITS FINDINGS TO DSASG; (2) DSASG MIGHT COORDINATE DIRECTLY WITH IEA. IT SEEMS DESIRABLE THAT FIRST OPTION BE TRIED BEFORE DSASG MAKES DIRECT CONTACT WITH THE IEA. HOWEVER, IF PPCWG DECLINED TO FOLLOW THIS LINE, IT WOULD BE NECESSARY FOR PBOS TO MAKE PLANS FOR WARTIME OPERATIONS, PRIOR TO THE TIME OF ACTIVATION OF THE NWO, INDEPENDENTLY OF THE PPC.

E. SOME SPECIFIC OBJECTIONS TO WP/102 (3RD REVISE) FOLLOW.

(1) THE PAPER IGNORES PAST WORK REFLECTED IN THE SECOND REVISION, DSASG COMMENTS ON THAT REVISION, AND U. S. COMMENTS.

(2) THE PAPER FOCUSES ON TANKER MANAGEMENT, WHICH IS THE BUSINESS OF PBOS, AND DOES NOT PROVIDE THE OIL SUPPLY SYSTEM OUTLINE WHICH PBOS REQUIRES AS THE BASIS FOR PLANNING TANKER OPERATIONS.

(3) IN ITS TREATMENT OF TANKER OPERATIONS, THE PAPER IS SIMPLISTIC AND FRAGMENTARY. IT DOES NOT RECOGNIZE THE STRUCTURE OF THE INTERNATIONAL OIL SUPPLY SYSTEM, WHICH PPC AND PBOS PREVIOUSLY AGREED SHOULD BE PRESERVED AS FAR AS POSSIBLE IN WARTIME. IT DOES NOT ACCOUNT FOR REQUIREMENTS OF FRIENDLY NEUTRALS WHICH ARE SUPPLIED IN PEACETIME BY NATO-BASED OIL COMPANIES, EXCEPT BY AN AFTERTHOUGHT IN PARAGRAPH 3. IT DOES NOT RECOGNIZE THE MACHINERY WHICH NATIONAL SHIPPING AUTHORITIES MUST EMPLOY TO

CONTROL TANKERS IN WARTIME. IT IGNORES THE COMPLEXITIES OF TANKER RATES, ON WHICH MR. SELAND OFFERED THE PPCWG SOME EDUCATION. IN GENERAL, THE PAPER SHOWS NO APPRECIATION THAT TANKER MANAGEMENT IS AN EXTREMELY COMPLEX OPERATION WHICH DEMANDS THE HIGHEST DEGREE OF PROFESSIONALISM.

(4) THE PAPER DOES NOT ACCOUNT FOR LIMITATIONS OF THE NWOO ROLE, IF AND WHEN THE NWOO IS CALLED INTO OPERATION. THE NWOO WOULD NOT CONTROL ANY OIL RESOURCES OF THE ALLIANCE EXCEPT THOSE WHICH NATIONS MIGHT VOLUNTEER AS "SURPLUS" TO NATIONAL NEEDS. MEMBER NATIONS WOULD REQUIRE MANY TANKERS FOR DOMESTIC OIL PRODUCTION AND DISTRIBUTION ACTIVITIES AND THOSE REQUIREMENTS COULD BE PROVIDED TO THE DSA ONLY THROUGH NATIONAL CHANNELS. NWOO WOULD HAVE NO CONTROL OVER SUPPLY OF OIL TO NEUTRALS FROM NEUTRAL SUPPLY SOURCES. ALTHOUGH NATO-OWNED TANKERS MIGHT BE USED IN NEUTRAL CROSS-TRADES. IN ANY CASE, NWOO WOULD NOT HAVE AUTHORITY TO ALLOCATE OIL STOCKS. IT COULD ONLY MAKE RECOMMENDATIONS TO NATIONAL AUTHORITIES, WHICH THOSE AUTHORITIES MIGHT ACCEPT OR REJECT. CONSEQUENTLY, THE SCOPE AND SIGNIFICANCE OF THE SLATES REFERRED TO IN PARAGRAPH CONFIDENTIAL

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8 OF ANNEX TO AC/271-DSASG-WP/50 REQUIRE CLARIFICATION.

(5) REFERENCE PARAGRAPH 2 OF ANNEX TO WP/50, IT IS NOT CLEAR THAT MEMBER GOVERNMENTS WOULD WANT TO ENTER ALL FLAG OF CONVENIENCE SHIPS IN THE DSA POOL. THIS TOUCHES UPON QUESTION OF "SURPLUS" SHIPS, THAT IS, SHIPS EMPLOYED IN PEACETIME IN NEUTRAL CROSS-TRADES AND REQUIRED IN THOSE TRADES IN WARTIME. NATO SHIP-OWNERS WOULD WANT TO KEEP SUCH SHIPS EMPLOYED AND MIGHT BE ABLE TO USE THEM MORE SAFELY AND TO BETTER ECONOMIC ADVANTAGE IN NEUTRAL TRADES IF THEY WERE NOT ENTERED IN THE POOL.

(6) REFERENCE PARAGRAPH 9 OF ANNEX TO WP/50, WE DO NOT AGREE WITH IDEA THAT THE COT WOULD RECOMMEND FORM OF THE CHARTER PARTY. THIS IS A SHIPPING OPERATIONS MATTER OF CONCERN ONLY TO SHIP-OWNING AND USING NSAS. IT IS, AT ANY RATE, IMPOSSIBLE FOR A CENTRAL BODY TO DEAL WITH INDIVIDUAL CHARTERS IN THE WAY SUGGESTED.

(7) REFERENCE PARAGRAPH 11 OF ANNEX TO WP/50, WE DO NOT UNDERSTAND THE EMPHASIS ON DEFINING "USERS" OF TANKERS, BUT WE DO NOT AGREE TO STATEMENT THAT USERS WILL BE INDIVIDUAL NOBS, IN ABSENCE OF FULL EXPLANATION OF THE INTENDED IMPLICATIONS. CONSIDERING PPC'S VIEW THAT NWOO SHOULD OPERATE TANKERS, WE TAKE STRONG EXCEPTION TO IMPLICATION THAT NSAS WOULD BE LEFT OUT OF TANKER MANAGEMENT. OUR GENERAL POSITION IS THAT ARRANGEMENTS MADE BETWEEN NATIONAL OIL BOARDS AND NATIONAL SHIPPING AUTHORITIES ARE NATIONAL MATTERS AND THAT SUCH PAPERS AS THE PRESENT ONE SHOULD REFER TO "NATIONAL AUTHORITIES," NOT TO "NOBS" OR "NSAS."

F. OUR RECOMMENDATIONS TO DSASG ARE:

(1) PPCWG BE ASKED AGAIN TO PROVIDE AN OUTLINE STATEMENT OF THE OIL SUPPLY PLANS OF THE NWOO, WHICH DSASG HAS BEEN ATTEMPTING TO OBTAIN FOR SEVERAL YEARS. IN THIS CONNECTION,

WE NOTE, FOR EXAMPLE, PBOS/JCM/71/6 REMARKED THAT PBOS MEMBERS COULD NOT CONTRIBUTE FURTHER TO WORK OF THE JOINT PBOS/PPC OIL AND TANKER PLANS STUDY GROUP UNTIL THE GROUP HAD BEEN INFORMED OF PPC'S POLICH REGARDING THE PRECISE ROLE AND FUNCTIONS OF NWOO UNDER REVISED BASIC ASSUMPTIONS.

(2) PPCWG BE ASKED TO DEVELOP AN OUTLINE OF THE OIL SUPPLY SYSTEM OF THE IEA IN WARTIME, AS A BASIS FOR PBOS PLANNING FOR TANKER OPERATIONS PRIOR TO TIME NWOO IS CALLED INTO OPERATION AND FOR PLANNING FOR DSA/NWOO RELATIONSHIP AFTER NWOO IS CALLED INTO OPERATION.

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(3) THE DSASG TAKE NO FURTHER ACTION ON AC/12-WP/102(3RD REVISE) UNTIL PPCWG HAS RESPONDED TO THESE REQUESTS.

(4) IF PPCWG DOES NOT RESPOND, PBOS INFORM THE SENIOR COMMITTEE.

6. AGENDA ITEM 5, TRANSPORT ORGANIZATION IN THE MEDITER-RANEAN. U.S. DELEGATION HAS NO COMMENTS.

7. AGENDA ITEM 6, DATE AND AGENDA FOR NEXT MEETING. WE WOULD PREFER THAT NEXT DSASG MEETING BE CORRELATED WITH NEXT PRSG MEETING, IF POSSIBLE. IF THIS IS NOT POSSIBLE, MR. GAGE WILL BE ASKED TO REPRESENT U.S. AT DSASG MEETING.  
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